



ORIGINAL

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February 22, 1995

EX PARTE

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
DOCKET FILE COPY ORIGIN OFFICE OF SECRETARY

RE: PR Docket No. 94-105; Petition of the People of the State of California
and the Public Utilities Commission of the State of California to Retain
Regulatory Authority Over Intrastate Cellular Service Rates

Dear Mr. Caton:

On Wednesday, February 22, 1995, Sam Ginn, Chairman and CEO of AirTouch Communications and I met with Commissioner Susan Ness and David Siddall, Legal Advisor to Commissioner Ness. We provided the attached information. Please associate this material with the above-referenced proceeding.

Two copies of this notice are being submitted to the Secretary in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at 202-293-4955 should you have any questions or require additional information concerning this matter.

Sincerely,

Kathleen Q. Abernathy/Hm
Kathleen Q. Abernathy

Attachment

cc: Commissioner Ness
David Siddall

No. of Copies rec'd 0+1
List A B C D E

**CPUC PETITION TO REGULATE
CELLULAR SERVICE RATES**

PR DOCKET 94-105

**Presentation to the FCC
by AirTouch Communications**

February 22, 1995

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**



STATE'S BURDEN OF PROOF

- Congress and this Commission determined that FCC has sole jurisdiction over rates and entry regulation for cellular carriers.
- If FCC jurisdiction is the norm, then a state must prove that conditions are sufficiently different from norm to warrant state regulatory intervention; must show prices and rates are likely to be unjust and unreasonable.
- The Commission should expect states to demonstrate that marketplace has failed and that reasonable rates cannot be achieved through competitive forces.
- To make this showing CPUC must demonstrate that competition among CMRS operators is less active in California as compared to other states or that conditions in California will stifle competition from new entrants or that CPUC regulation has been so successful that cellular rates are among lowest in country.



THE CPUC PETITION

- CPUC's petition for continued regulatory authority does not satisfy its required burden or proof.
- CPUC has failed to distinguish circumstances in California from rest of nation where Congress and this Commission have decided to forebear from tariff requirements for CMRS providers.
- CPUC has not demonstrated a failure of the marketplace because rates in California have actually declined.
- There are more competitors in California than in any other state as is evident from Nextel's statement that it chose California as its first market to enter because it "is perhaps the most competitive market in the country."
- CPUC has outlined many problems with cellular industry during its ten year regulatory tenure, but offers no ideas on how its continued regulation will improve environment.

CPUC REGULATION HARMS CONSUMERS

- Economic analysis provided by AirTouch demonstrates that in the top ten MSA's average cellular rates for typical customers are always higher in states that regulate rates.
- In Massachusetts, where cellular rate regulation was discontinued in July 1994, rates have already decreased by about 12%.
- California regulation prevents AirTouch from responding rapidly to the market by lowering rates because regulatory restrictions prevent carriers from having the ability to increase rates at a later date if necessary.
- Effectiveness of rate reductions also limited by the notice requirements and by objections filed by reseller competitors.
- The cost of the tariff filing process combined with the mandated reseller margin also inhibits ability of California carriers to reduce rates for consumers.

Only \$1.22 A Day For The Phone, The Service And 20 Minutes A Month.

A cappuccino. A load of laundry. A candy bar.

The spare change you spend every day could be paying for an AirTouch Cellular phone and service.

For just \$1.22 a day, you get the phone, the service and 20 minutes of cellular airtime a month at no extra charge.¹ We call it the AirTouch Starter Kit, and it comes with the newest portable phone model just introduced by Audiovox. This phone has all the features you could ever ask for.

Just call 1-800-AIRTOUCH, Ext. 85, to get the new AirTouch Starter Kit.



Introducing the AirTouch Starter Kit.[™] Get the phone, the service and 20 minutes of cellular airtime a month — all for only \$1.22 a day.

1-800-AIRTOUCH, Ext. 85

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ANAHEIM HILLS QUINTEX CELLULAR 8170 E. Santa Ana Canyon Rd. #189 (714) 263-9350
BEVERLY HILLS CELLPHONE 9787 Wilshire Blvd. (310) 777-7800
CANOGA PARK PACK CELL (Inside HomeBase) 6341 Canoga Ave (818) 772-8043
CERRITOS GTE PHONE MART 702 Los Cerritos Center (710) 407-2077
PACK CELL (Inside Wal-Mart) 1701 Town Center Dr. (714) 924-9036
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PACK CELL (Inside HomeBase) 1511 Hacienda Center Dr. (818) 951-5755
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COSTA MESA J. HOWARD'S AUTOSOUND 1779 Newport Ave. (714) 548-1160
CONVERSATELA AL & ED'S AUTOSOUND[™] 767 E. Arrow Hwy. (818) 331-9931
DONWELL GTE PHONE MART 292 Stonewood St. #L-1 (310) 862-0568
EL MONTE PACK-CELL (Inside HomeBase) 3544 Pack Road (818) 779-5457
EL TORO/LAGUNA HILLS MOTEL 1 INF COMM 24260 Swartz (714) 580-2500
J. HOWARD'S AUTOSOUND 23765 Mercury Rd (714) 580-8506
BEEPER-CFU 11 AR CO 24012 La Corte #G (714) 768-3363
CONVERSE COMMUNICATIONS 23691 El Toro Rd. (714) 830-6572
ENCINO CELLULAR SPECIALISTS CO. 17200 Ventura Blvd. #226 (818) 388-9000
FOOTBALL RANCH PACK-CELL (Inside HomeBase) 26532 Town Center Dr. (714) 457-9216
GLENDALE AUTO CELLULAR SYSTEMS 630 W. Dohen St. (818) 244-1000
GLENDORA PACK-CELL (Inside HomeBase) 725 S. Grand Ave. (818) 857-0266
PACK-CELL (Inside Wal-Mart) 1930 Auto Center Dr. (714) 863-9020

¹Phone installation purchase on approved credit. Includes 24 equal payments of \$7.25 a month. 0% APR. \$28.99 a month for Super Value Starter Plan. On your commitment required, other conditions and restrictions apply. If a cellular service is deactivated during the one-year contract period, a termination fee of \$150 per number will be charged. Monthly service charge includes cellular charges only; does not include any local, long-distance or roaming charges. Some agents and dealers may charge a programming/processing fee. Service activation not required for phone purchase, except for installation program. End users only. No dealers please. Phone price excludes sales tax. Limited-time offer good in Greater LA only. The AirTouch Free Long Distance Promotion is available from 11/1/94 through 12/31/94 only, with a two-year long distance service contract. An early termination fee of \$150 applies to each mobile number that is permanently deactivated during the contract period. Calls must be made from within AirTouch's Greater LA service area. Regular airtime charges apply. After free long distance calling period ends, standard AirTouch Long Distance pricing will apply. Standard AirTouch long distance rates will be charged at 10¢/minute, peak and off-peak, in California and 20¢/minute peak and 10¢/minute off-peak to all other U.S. locations. International long distance rates differ. Subject to CPUC approval.

For a limited time, when you choose AirTouch as your long distance provider, your cellular long distance calls to anywhere in the U.S. are **free for an entire year — through the end of 1995!**



Free long distance and the new

AirTouch Starter Kit — two new ways AirTouch Cellular is making cellular service more affordable.

It's your choice. A double-decaf latte, or an AirTouch phone in your pocket.

Call 1-800-AIRTOUCH, Ext. 85. And put a phone in your pocket for pocket change.

AIRTOUCH
Cellular

ORANGE/TUSTIN AL & ED'S AUTOSOUND[™] 1171 North Tustin (714) 771-1188

OXNARD GTE PHONE MART 1825 Victoria Blvd. (805) 485-2711

PALM DESERT ANDERTON COMMUNICATIONS 41-945 Boardwalk Ste. E (619) 340-4804

GTE PHONE MART 72840 Hwy. 111 Ste. T305 (619) 341-3302

PALM SPRINGS GTE PHONE MART 1775 F Palm Canyon (619) 320-9765

PANORAMA CITY GTE PHONE MART 37 Panorama Mall (818) 630-2678

PARAMOUNT PACK-CELL (Inside Wal-Mart) 14601 Lakewood Blvd. (310) 529-8353

PASADENA CELLULAR MOBILE PHONE CO. 101 West California Blvd. (818) 441-6000

AL & ED'S AUTOSOUND[™] 1292 East Warner (818) 795-0425

POMONA/LAURENCE AL & ED'S AUTOSOUND[™] 3103 North Garvey Ave. (909) 593-0666

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CELLULAR SYSTEMS OF CALIFORNIA 3267 Trade Center Drive (909) 784-2355

SAN BERNARDINO TELSTAR SAN BERNARDINO 1730 South E St. Ste. E (909) 889-0009

GTE PHONE MART 1440 S. E Street Ste. D (909) 888-6800

SAN FERNANDO GTE PHONE MART 4115 Franklin (818) 889-9600

SAN JUAN CAPISTRANO CELLULAR GUIDELINES (3241) Aliso St., Ste. E (714) 661-557

SANTA ANA CONVERSE COMMUNICATIONS 17221 17th St. (714) 647-9400

SANTA CLARITA AUTO CELLULAR SYSTEMS 26576 Roundel Canyon Rd. (661) 251-9000

SANTA MONICA AL & ED'S AUTOSOUND[™] 2633 Santa Monica Blvd. (310) 453-0541

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TARZANA/WOODLAND HILLS AL & ED'S AUTOSOUND[™] 19818 Ventura Blvd. (818) 861-7111

TEMECULA INTERCELL COMMUNICATIONS 28022 Foothill Blvd. (714) 863-7272

AirTouch Cellular service and the Free Long Distance calling promotion are also available at:

• Radio Shack (238 locations) • Office Depot (35 locations)

Free Cellular Long Distance - Only From AirTouch.

Now You Can Call *Free*.
From Sea To Shining Sea.

Here's the good news: AirTouch Cellular is now a cellular long distance provider. That means one simple monthly bill with all your cellular charges on it. Here's the better news: Now you can get **FREE** long distance calls for one whole year!

Just choose AirTouch Cellular as your long distance provider, and your cellular long distance calls to anywhere in the United States are free for an entire year—through the end of 1995. You pay only local airtime charges.¹

These are cellular long distance calls you can make to anywhere in the United States (including Alaska and Hawaii).

If you're already an AirTouch customer, the easiest way for you to get free cellular long distance service is to fill out and return the AirTouch Cellular Long Distance Ballot, which you'll soon be receiving in your mailbox.



Call 1-800-AIRTOUCH, Ext. 86

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CANOGA PARK PACIFIC CELL (Innde Homebase) 3311 Canoga Ave. (818) 772-8043
CERRITOS GTE PHONE MART 702 Los Cerritos Center (310) 402-2027
PACK-CELL (Indne Waller) 12701 Towne Center Dr. (310) 264-9098
CITY OF COMMERCE CELLPHONE 3145 S. Garfield (213) 727 9131
CITY OF INDUSTRY ARTOLICH SALES OFFICE 13181 Crossroads Blvd. Ste. 110 (310) 692-8500
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J & HOWARD'S AUTOSOUND 23708 Mercury Rd (714) 868-9848
BISPER-CELLULAR CO 24012 La Canada (818) 766-3393
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PACK CELL (Inside Wal-Mart) 1950 Auto Center Dr. (800) 344-9020
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- Radio Shack (238 locations) • Office Depot (35 locations)

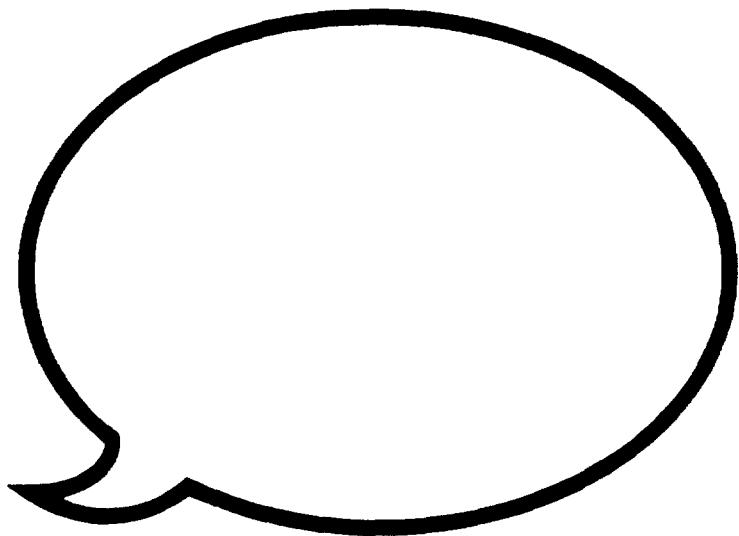
The AT&T Long Distance Promotion is available from 11/1/14 through 12/31/14, with a two year long distance service contract. An annual promotion fee of \$150 will be applied in each mobile number that is currently active during the promotional period. Call 1-800-442-1000 for details. AT&T will not apply a regular wireless usage fee. After two long distance calling plan credits, standard AT&T Long Distance pricing will apply. Standard AT&T long distance rates may be charged at AT&T local, post and off-net rates, in California and Wisconsin post and off-net rates. Subject to AT&T privacy phone number protection plan or upgraded plan. Includes 12 equal monthly payments of \$25.25 a month. 0% APR. \$29.95 a month for Super Value Service Plan. One-year commitment required; other conditions and restrictions apply. If a cellular number is registered during the one-year contract period, a termination fee of \$10 per month will be charged. Monthly service charge includes cellular charges only; does not include any local long-distance or roaming charges. Some agents and dealers may charge a programming/processing fee. Service or roaming is not required for phone purchases except for migration programs. End users only. No leases, no power. Phone price excludes taxes. No limited time offer good in Greater LA only. AT&T Smart Kit is a service mark of AT&T Communications. © 1999 AT&T Cellular. All rights reserved.

The applicable service establishment fee will be waived for all customers who activate a service on a selected AT&T Touch contract or service plan on 11/25, 26 & 27 in Greater LA only.



Here's something handy that'll fit in your pocket-\$100. Which is a nice and easy way of getting acquainted with AirTouch Cellular. Just sign up as a new customer by July 31st, and we'll give you a hundred bucks of free calls. And that's not spread over a year or two, either. It's a credit of \$100 we'll apply to your very first bill. You'll be making free calls any day, any time, anywhere you want. So now you really only have to think about one thing—who are you going to call first? May we suggest...us?

AIRTOUCH™
Cellular
The new name for PacTel



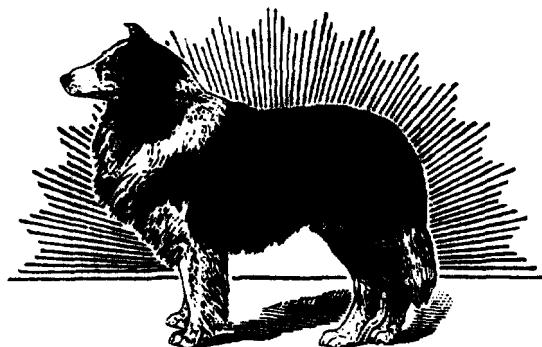
**ANNOUNCING AN OFFER SO GOOD IT COULD LEAVE YOU
SPEECHLESS. BUT WITH OVER 6 HOURS OF FREE AIRTIME,
THAT WOULD BE UNFORTUNATE.**



Sign up October 8th -15th and you can feel free to really talk. For free. Because we'll give you up to 400 minutes of free airtime. Up to 100 minutes a month over the next four months to be exact. And unlike some companies, we're giving you the *first* minutes you use for free. Plus, we'll even waive the \$50 connect fee. So hurry to sign up at any AirTouch store, authorized agent or call 1-800-AIRTOUCH and start talking. Once the shock wears off.

Certain restrictions apply. Requires 24 month service agreement.

AIRTOUCH
Cellular



REMEMBER HOW, in the old "Lassie" movies, somebody would be in trouble or need help and Lassie somehow always happened to be nearby and the person would say, "Lassie, go tell the Sheriff that a tree fell on me," and Lassie would run off and deliver the message? It's too bad we all can't walk around with Lassies, because the world would be a better place. But there is another way to tell people we're in a tight spot. Now, we know a cellular phone is no substitute for a collie with an I.Q. of 120, but at least you'll always feel safe and secure knowing that you can call people and get help if you have a flat tire, or your car breaks down, or a tree falls on you. This cellular phone here is just \$75, and if you sign up with AirTouch now, we'll also give you \$75 of free calls.** Who knows? Maybe sometimes, just for kicks, you can call your dog to say hi when you're working late. He worries about you.

\$75
After \$25
service rebate.
Motorola flip phone
DPC 550.

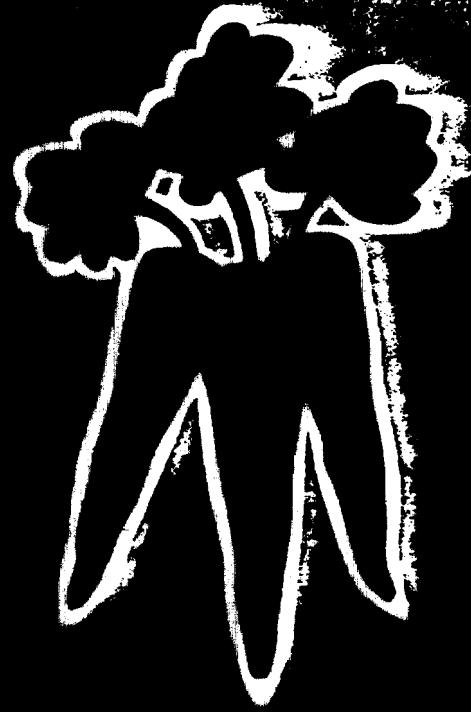
\$75
Free
Calls

AIR TOUCHTM
Cellular



1 - 8 0 0 - A I R T O U C H

Cellular service provided by AT&T. Upon activation with AirTouch Cellular service, Learn over \$25 instant rebate per customer. End w/e 6/30. No deposit. Learn one phone per customer. Supplies limited. Limited time offer. Service activation not required for phone purchase. Service activation required for instant rebate program. **The \$75 of free calls offer is provided as a low-cost option on cellular service charges. The \$75 offer is valid for new customers or existing customers who subscribe to an individual monthly rate plan for one year on one annual plan during 2/14/93 through 2/28/93. The under option is the new customer rate. If a cellular number activates under this promotion or discontinued during the one-year subscription period, a cancellation fee of up to \$25 will be charged per number. Subject to CPUC approval. Service offers valid in San Diego area only. ©1993 AirTouch Cellular. All rights reserved. The trademark "LASSIE" is registered in Registered Larousse Partnership in the United States Patent and Trademark Office and in other countries. All rights reserved. ©1993 Puffinsoft Limited



WE THINK OUR TERRIFIC CELLULAR SERVICE IS INCENTIVE ENOUGH. BUT JUST IN CASE, WE'LL GIVE YOU \$100 TO TRY IT.



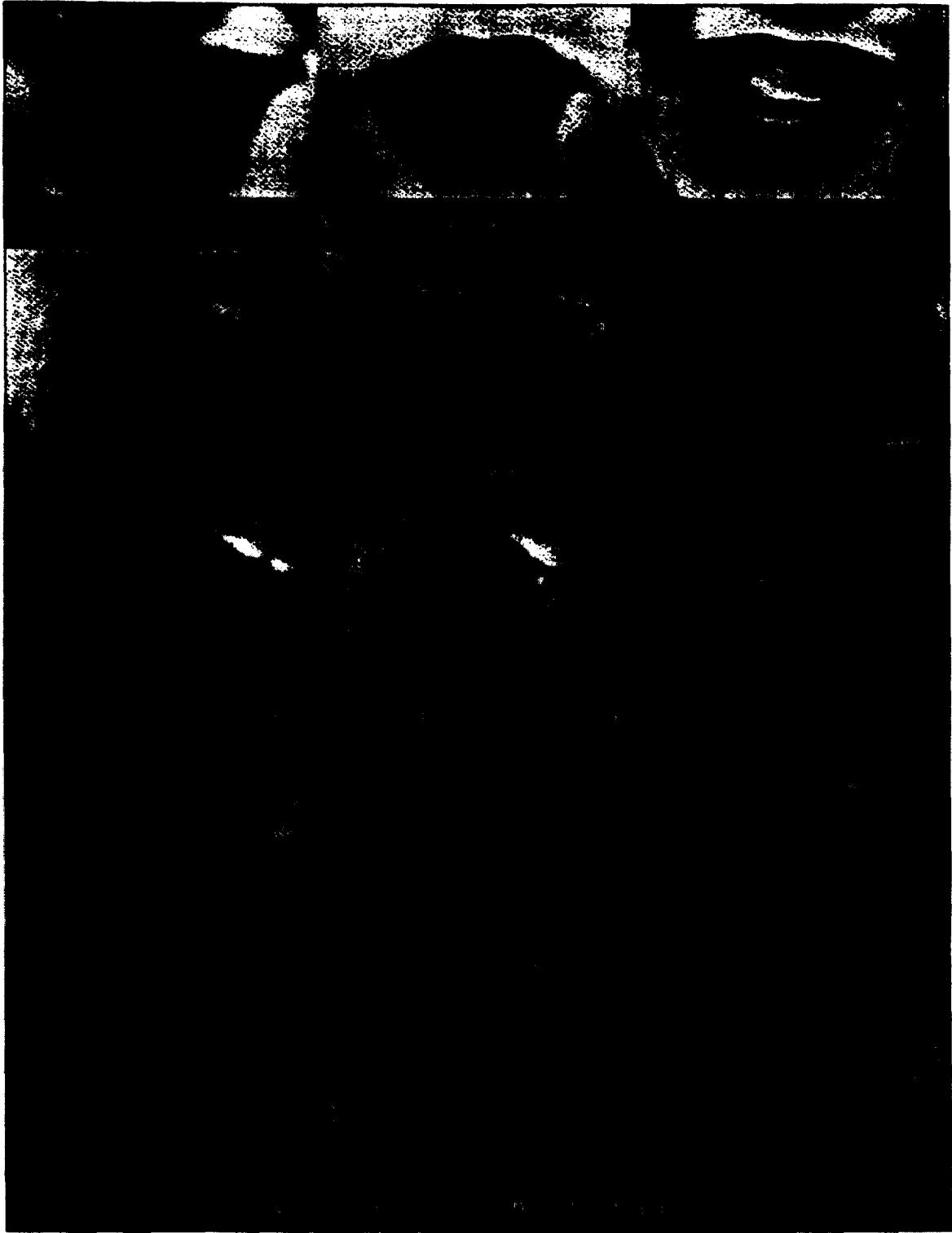
The reasons to sign up for AirTouch Cellular service are endless. But to motivate you even more, we're giving you \$100 of free airtime. So now you can enjoy our terrific cellular service while you're riding around town for free. Stop by an AirTouch Cellular store, an authorized agent or call 1-800-AIRTOUCH for details.

But hurry. An offer this enticing won't be dangling in front of your nose for long.



Digital enhanced cellular system provided by AT&T. Certain restrictions apply. Requires 24 month service agreement.

AIRTOUCH STORES	ATLANTA	MAINE	SERVICE MERCHANTS	DOUGLASS	LAWRENCEVILLE	NORCROSS	SNELLVILLE
Continental Square North Gwinnett Center 610 Peachtree Street Norcross, GA 30071 404-968-0000	AT&T Air Cellular Communications 104-1887	Maine Communications 634-4774	12 Locations Nantucket Communications 241-3015	Georgia Cellular 813-8231 Nanogage 121-7676	Georgia Place Honda 476-8036	Georgia Express 813-4823 Maine Cellular 401-4700	Fox Cellular, Inc. 972-4422
Bethesda Mall 417-4800	Peachtree Mobility 711-2111	Office Max 914-1100	COVINGTON 1-800-222-2222	Covington Place Honda 476-8036	Georgia Cellular 476-8036	Midtown Communications 242-0813	STORY
Northlake 421-4200	ATLANTA	PC's On Wheels 1-800-222-2222	CUMMING 377-1492	DOOLINWOOD 604-8888	One One Cellular 476-8039	Ridgewell Communications 242-0813	MOUNTAIN Maine Communications 443-0816
Perimeter Mall 346-4383	AT&T Air Cellular Communications 104-1887	PC's On Wheels 1-800-222-2222	DOUGLASHILL 473-8827	JUNIPERO	Norcross Communications 471-4113	TUCKER	AT&T Air Cellular Communications 718-9184
		Peachtree Mobility 473-4236	Porterfield Cellular 316-3663	SMYRNA 452-1230			WOODSTOCK Office Perimeter X-Supply Co. 936-7111



If conversation truly is an art form, we have a rate plan that's divine inspiration. When you sign up now for AirTouch Cellular service, we'll give you the freedom to really express yourself with up to 40 minutes of free airtime. Every month. Sign up right now, and we'll also waive the \$50 activation fee. Plus you can save even more money, because AirTouch gives you long distance calls for just 10 cents a minute. It's all part of our new low monthly rate plan that used to be offered just to corporations. But is now available to you. For details, call 1-800-AIRTOUCH or an authorized agent. Who knows? This could be the start of a conversational masterpiece.



Cellular system provided by Motorola. Certain restrictions apply.

AIRTOUCH STORES

Cable
618-4999

Phone
417-1600

Northgate
701-4888

Shops
701-5400

Adams
(701) 549-4655

Elm
(701) 211-2740

Rome
(701) 291-5890

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10 Inns
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27 Inns
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9 Inns
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7 Inns
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12 Inns

Motor Mobility Cellular

200-4150

173-3497

Montgomery
514-5774

Montgomery<br



FREE PHONE. NO SNOW JOB.

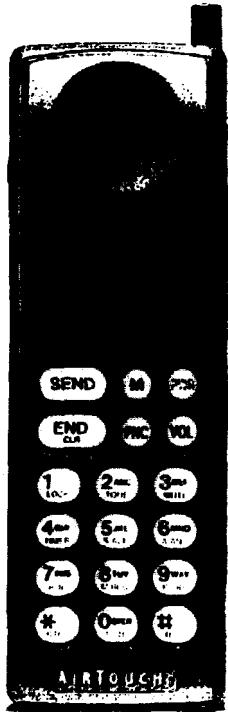
This time of year, you might be buried with cellular phone deals. But AirTouch Cellular is offering one that you can believe in. Sign up for AirTouch Cellular service and we'll give you a top-of-the-line NEC portable, bag or mobile phone. As a bonus gift, we'll also waive the \$50 connect fee. Just stop by an AirTouch Cellular store, visit an authorized agent, or call 1-800-AIRTOUCH for details.

But hurry, a deal this great can't stick around forever. Offer ends Dec. 31.

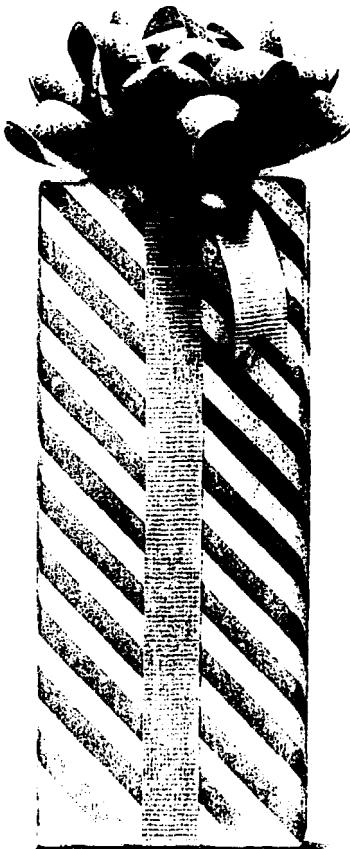
AIR TOUCH
Cellular

Digital enhanced cellular systems provided by Motorola. Certain restrictions apply.

ARTIFICIAL STOMAS	Atlanta 800-549-4465	ATLANTA Randy Collier 843-3804 / 843-4133	Prosthetic Mobility 111-1641	DULUTH Casper Collier 813-2813	KENNESAW Preston Marlowe 421-7989	Neoprene Comm 731-4979	Coronac Comm 641-4988
Centrifugal Pump, North Systems Center 610-3999	Elkhorn 7000-211-7440	Oxygen 941-6356 / 873-1544	CONVAC-TON East Main: Commuterline 785-4795	Gentex Five Head 474-8864	Premay Collier 411-9999	MCDONALD Commuterline Unimailed 975-4815	SMYRNA Gandy Collier 911-1986
Nutrition Center Sedentex Park 417-1488	Tenns 7000-204-3995	Monogram Communications 413-9774	CUMMING Community Service 177-1492	DUNWOODY Carroll Communications 448-9965	LAWRENCEVILLE Cox Communications 113-4735	NORCROSS Dunwoody 463-3844	SNELLVILLE Cox Communications 772-4122
Northstar 707-4999	Alpharetta Auto Cellular 974-4000	Northstar Communications 241-5913	DOUGLARVILLE Monogram Communications 920-8827	GRANTSBURG Full Spectrum 971-7650	LAWNSIDE Monogram Communications 429-0800	ROSWELL Monogram Mobility Cellular 740-0551	STONE Monogram Communications 461-0536
Perpetual Mail 704-4991	Prosthetic Mobility 771-3511	PCI Prosthetic Communication Services 251-2755	MONROEVILLE Monogram Communications 477-0670	LOCOLENE Late One Cellular 429-0800			



A \$119 POCKET PHONE*
AND \$50 OF FREE CALLS.



(THAT MAKES
A NICE PACKAGE.)

\$119
\$50
FREE CALLS

It's the Christmas gift that's really two gifts in one. Because, not only are you giving someone a very popular, very lightweight, very portable cellular phone, but you're also giving them something that's very well-liked: Money. When you buy this pocket phone for just \$119, after \$25 service rebate,* you also give someone \$50 in free cellular calls!** So you get to give someone a great gift, and you get to give them an easy way to use it. That's very nice of you. Maybe you should get one for yourself, while you're at it. That'd *really* be nice.

1 - 8 0 0 - A I R T O U C H

AIR TOUCHTM
Cellular
The new name for PacTel

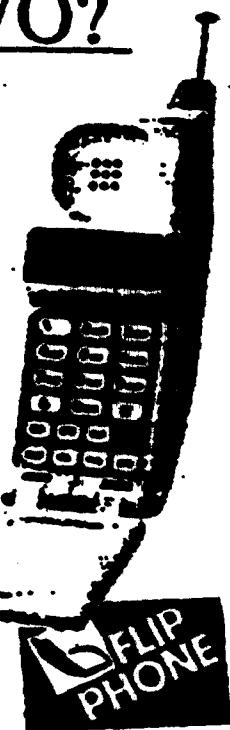
*Offer activation with AirTouch Cellular Service. Limit one \$50 instant rebate per customer. To receive the \$119 pocket phone price, customer must activate service and pay a \$25 service initiation fee required for phone purchase. Service activation required for instant rebate program. **The \$50 of free calls offer is provided as a first month bill credit against all cellular service charges. The \$50 offer is available to existing customers who subscribe to an additional monthly airtime plan during the period 11/1/94 through 12/31/94. The credit applies to the first 100 minutes of cellular calls made by the customer during the month. Standard plan during the period 11/1/94 through 12/31/94. The credit applies to the first 100 minutes of cellular calls made by the customer during the month. If a cellular number activated under this promotion is deactivated during the year, no additional credit will be issued. Cellular fee of up to \$125 will be charged per number. Subject to CPUC approved service offers valid in San Diego area only. ©1994 AirTouch Cellular. All rights reserved.

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DEAL IS ONE YEAR
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PHONES!

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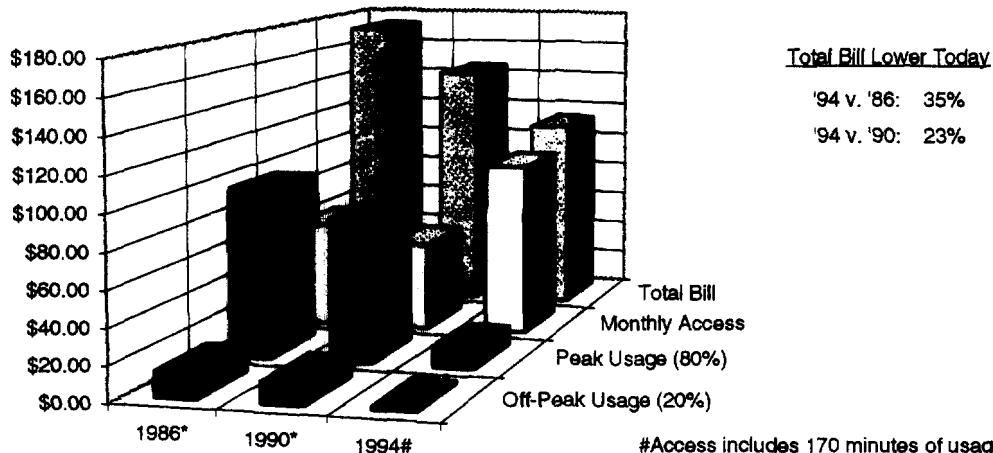
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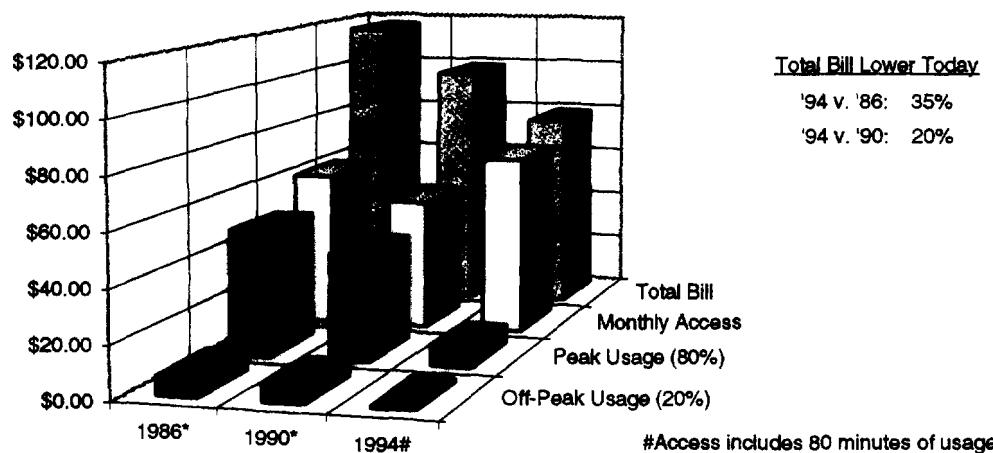
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Cellular Retail Prices in California: AirTouch Cellular - Los Angeles

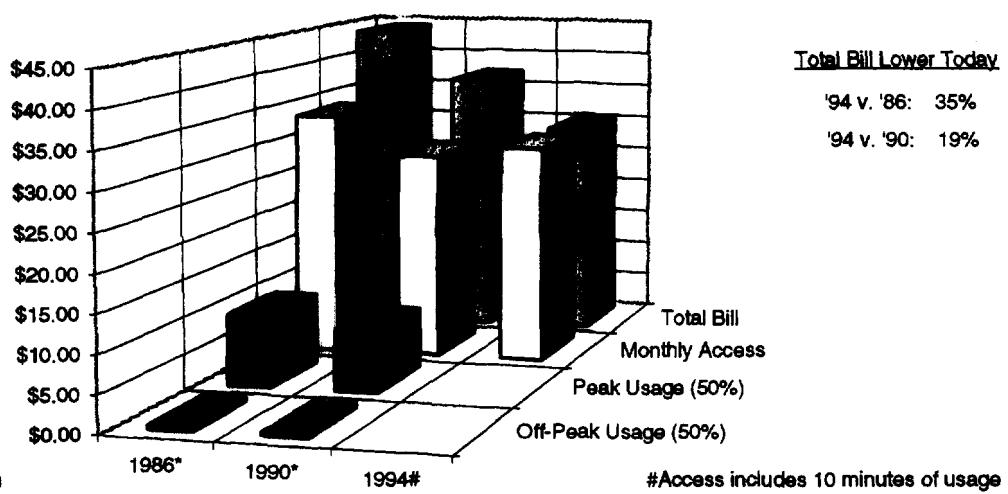
200-Minute User



100-Minute User



10-Minute User



Cellular Retail Prices in California: AirTouch Cellular - Los Angeles			
200 Minute User			
		1986*	1990*
Off-Peak Usage (20%)		\$14.59	\$12.27
Peak Usage (80%)		\$97.30	\$81.82
Monthly Access		\$60.81	\$51.14
Total Bill		\$172.70	\$145.23
			\$112.41
100 Minute User			
		1986*	1990*
Off-Peak Usage (20%)		\$7.30	\$6.14
Peak Usage (80%)		\$48.65	\$40.91
Monthly Access		\$60.81	\$51.14
Total Bill		\$116.76	\$98.18
			\$78.27
10 Minute User			
		1986*	1990*
Off-Peak Usage (50%)		\$0.54	\$0.45
Peak Usage (50%)		\$9.73	\$8.18
Monthly Access		\$33.78	\$28.41
Total Bill		\$44.05	\$37.05
			\$29.99
<i>*Adjusted for Inflation (U.S. CPI-U Index)</i>			
<i>*Access includes minutes of usage</i>			
(200-minute user includes 170 minutes of usage)			
(100-minute user includes 80 minutes of usage)			
(10-minute user includes 10 minutes of usage)			

Cellular Retail Prices in California: AirTouch Cellular: Los Angeles

Example:

Los Angeles (AirTouch)

	1986	1990	1994	Inflation*	Inflation*	% Reduction	
				Adjusted	Adjusted		
				1986 Rate	1990 Rate	86-94	90-94
200 Minute User							
Monthly Access	\$45.00	\$45.00	\$99.99	\$60.81	\$51.14	-64.43%	-95.54%
Peak Usage (80%)	\$72.00	\$72.00	\$10.80	\$97.30	\$81.82	88.90%	86.80%
Off-Peak Usage (20%)	\$10.80	\$10.80	\$1.62	\$14.59	\$12.27	88.90%	86.80%
Total	\$127.80	\$127.80	\$112.41	\$172.70	\$145.23	34.91%	22.60%
100 Minute User							
Monthly Access	\$45.00	\$45.00	\$69.99	\$60.81	\$51.14	35.14%	-36.87%
Peak Usage (80%)	\$36.00	\$36.00	\$7.20	\$48.65	\$40.91	35.14%	82.40%
Off-Peak Usage (20%)	\$5.40	\$5.40	\$1.08	\$7.30	\$6.14	35.14%	82.40%
Total	\$86.40	\$86.40	\$78.27	\$116.76	\$98.18	35.14%	20.28%
10 Minute User							
Monthly Access	\$25.00	\$25.00	\$29.99	\$33.78	\$28.41	35.14%	-5.56%
Peak Usage (50%)	\$7.20	\$7.20	included	\$9.73	\$8.18	35.14%	
Off-Peak Usage (50%)	\$0.40	\$0.40	included	\$0.54	\$0.45	35.14%	
Total	\$32.60	\$32.60	\$29.99	\$44.05	\$37.05	35.14%	19.05%

* U.S. CPI-U Index

The Key to Preemption: Regulation vs. Deregulation - A Measured Impact

A recent study by Dr. Jerry Hausman, MacDonald Professor of Economics at MIT, demonstrates that, controlling for all other variables:

- *Rates in deregulated states average 5-15 percent lower than rates in states which regulate.*

**Table 1: Average Cellular Prices in the Top 10 MSAs: 1994
160 Minutes of Use (80% Peak)***

<u>MSA #</u>	<u>MSA Name</u>	<u>Monthly Price</u>	<u>Regulated</u>
1	New York	\$110.77	YES
2	Los Angeles	\$99.99	YES
3	Chicago	\$58.82	
4	Philadelphia	\$80.98	
5	Detroit	\$66.76	
6	Dallas	\$59.78	
7	Boston	\$82.16	YES
8	Washington, DC	\$76.89	
9	San Francisco	\$99.47	YES
10	Houston	\$80.33	

The fact that regulation goes along with higher monthly service prices is evident from Table 1. Every regulated price in Table 1 is greater than every unregulated price in Table 1.

*Source: Affidavit of Professor Jerry A. Hausman, filed by AirTouch Communications in PR Docket No. 94-105, September 19, 1994, at 4.

The Key to Preemption: Regulation vs. Deregulation - A Measured Impact

A recent study by Dr. Jerry Hausman, MacDonald Professor of Economics at MIT, demonstrates that, controlling for all other variables:

- Subscriber penetration is higher in comparable markets in deregulated states (e.g., Chicago vs. New York).

**Table 2: Cellular Penetration in the Top 10 MSAs: 1994
New York is used as basis: New York = 1.0***

<u>MSA #</u>	<u>MSA Name</u>	<u>1989 Penetration</u>	<u>1993 Penetration</u>	<u>Regulated</u>
1	New York	1.00	1.00	YES
2	Los Angeles	1.42	1.30	YES
3	Chicago	2.04	2.92	
4	Philadelphia	1.45	1.61	
5	Detroit	1.72	1.74	
6	Dallas	1.71	2.06	
7	Boston	1.79	2.35	YES
8	Washington	2.47	2.39	
9	San Francisco	1.37	1.40	YES
10	Houston	1.45	1.98	
	Average Regulated	1.29	1.30	YES
	Average Unregulated	1.82	2.19	

* Source: Affidavit of Professor Jerry A. Hausman, filed by CTIA in PR Docket No. 94-105, September 19, 1994, at 9.

The Key to Preemption: Regulation vs. Deregulation - A Measured Impact

Compare the change in rates between a state which deregulated pursuant to the Omnibus Budget Act, and one which seeks to continue its authority over CMRS rates:

Decline in Rates in Unregulated State v. Regulated State

	January 1994	November 1994	Percent Change
Boston	Regulated \$79.91	Unregulated \$69.99	-12.41%
Hartford	Regulated \$93.31	Regulated \$90.75	-2.74%

It is clear that consumers are benefitting from the deregulated market in Massachusetts.

- Although rates may decline in states which do regulate, **rates decline further and faster in states which do not regulate.**